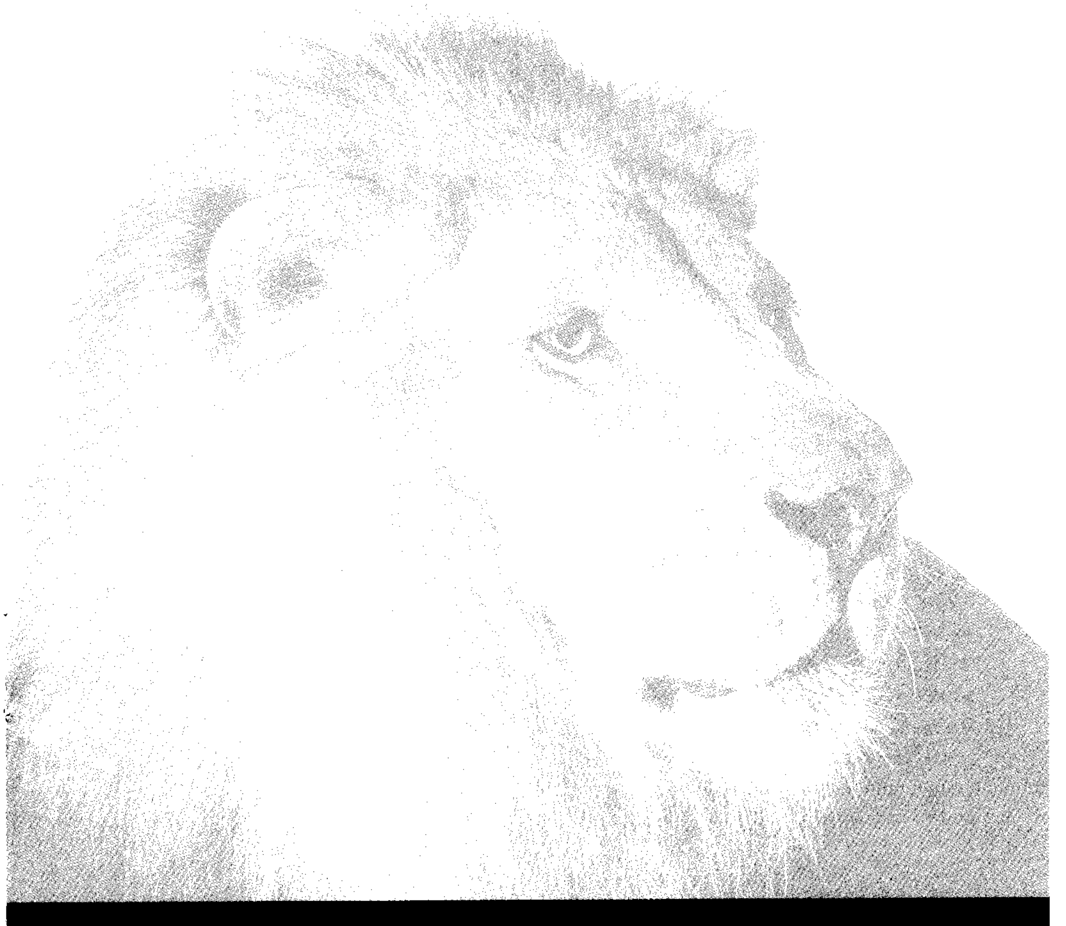
Dreyfus International Value Fund

ANNUAL REPORT

August 31, 1999



Year 2000 Issues (Unaudited)

The fund could be adversely affected if the computer systems used by The Dreyfus Corporation and the fund's other service providers do not properly process and calculate date-related information from and after January 1, 2000. The Dreyfus Corporation is working to avoid Year 2000-related problems in its systems and to obtain assurances from other service providers that they are taking similar steps. In addition, issuers of securities in which the fund invests may be adversely affected by Year 2000-related problems. This could have an impact on the value of the fund's investments and its share price.

The views expressed herein are current to the date of this report. These views and the composition of the fund's portfolio are subject to change at any time based on market and other conditions.

- Not FDIC-Insured
- Not Bank-Guaranteed
- May Lose Value

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LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this annual report for Dreyfus International Value Fund, covering the 12-month period from September 1, 1998 through August 31, 1999. Inside, you'll find valuable information about how the fund was managed during the reporting period, including a discussion with the fund's portfolio manager, Sandor Cseh.

When the reporting period began, much of the world was in the midst of a global currency and credit crisis. In response, many of the world's central banks lowered key short-term interest rates last fall to stimulate economic growth. This strategy appears to have been effective. Soon after 1999 began, evidence emerged that less restrictive monetary policies had helped prevent further economic deterioration in Japan and the emerging markets of Asia, Latin America and Eastern Europe.

These economic conditions produced generally good results for international stocks. Stock markets in Japan and Asia began to recover in 1999, showing their first signs of real strength in over a year. Latin America provided good results after concerns about Brazil's currency devaluation abated. After a brief period of currency-related weakness, developed markets in Western Europe also rebounded.

We appreciate your confidence over the past year, and we look forward to your continued participation in Dreyfus International Value Fund.

Sincerely,

Stephen E. Canter
President and Chief Investment Officer
The Dreyfus Corporation
September 14, 1999

DISCUSSION OF FUND PERFORMANCE

Sandor Cseh, Portfolio Manager

How did Dreyfus International Value Fund perform relative to its benchmark?

For the 12-month period ended August 31, 1999, Dreyfus International Value Fund produced a total return of 28.19%.[1] This compares favorably with the return provided by the fund's benchmark, the Morgan Stanley Capital International Europe, Australasia, Far East ("MSCI EAFE®") Index, which produced a total return of 25.67% for the same period.[2]

We attribute the fund's strong performance to three factors: an improving economy in Japan, a shift in market sentiment away from the long-held preference for large-cap growth stocks to smaller and value-oriented stocks, and a wave of global merger and acquisition activity.

What is the fund's investment approach?

The fund seeks long-term capital growth. To pursue this goal, the fund ordinarily invests most of its assets in stocks of foreign issuers that we consider to be "value" companies. The fund normally invests in companies in at least three countries, and limits its investments in any single company to no more than 5% of its assets at the time of purchase.

The fund's investment approach is value oriented, research driven and risk averse. When selecting stocks, we attempt to identify potential investments through extensive quantitative and fundamental research. Emphasizing individual stock selection over economic or industry trends, the fund focuses on three key factors:

- Value, or how a stock is priced relative to traditional business performance measures.
- Business health, or overall efficiency and profitability is measured by return on assets and return on equity.

- Business momentum, or the presence of the catalyst (such as corporate restructuring, changing management or spin-off) that can potentially trigger a price increase near term to midterm.

The fund typically sells a stock when it is no longer considered a value company, appears less likely to benefit from the current market and economic environment, shows deteriorating fundamentals or declining momentum, or falls short of our expectations.

What other factors influenced the fund's performance?

Many of the factors that held back the fund's performance during the first six months of the reporting period reversed themselves during the last six months, boosting the fund's overall returns. Most significantly, in April, market sentiment began to shift away from large-cap growth stocks to include a broader group of companies. Higher global interest rates and commodity prices have caused investors to look for new opportunities in the stock market, leading them in many cases to the international and value-oriented stocks in which the fund invests. In this environment, many of the stocks in our portfolio rebounded strongly.

On a country-by-country basis, Japan and the United Kingdom (U.K.) produced the best returns during the period. Japan is showing signs of recovery from last fall's financial crisis. As the economy began to improve, so did its imports and exports, which has created a more favorable outlook for companies doing business in Japan.

In the U.K., strong growth was driven primarily by the rebound in value stocks. In addition, many U.K. stocks flourished because of heightened merger and acquisition activity. Stock prices had fallen to levels that were lower than what we believed were many of these companies' actual worth, and they therefore became attractive acquisition candidates.

What is the fund's current strategy?

We have continued to focus on a diverse group of investments in Japan. Examples of Japanese stocks that have helped drive our overall performance include Nippon Express, a transportation and package delivery company, Sankyo, a manufacturer of amusement equipment, and two finance companies, Aiful and Nichiei. In the U.K., we continue to like companies such as industrial gas producer BOC. Its stock price has benefited from a merger speculation with two other global chemical firms, one of which is Air Liquide, a French company that we also own. Rio Tinto, a British mining company, has exhibited strong growth due to favorable commodity prices. In Germany, the stock prices of VEBA and Viag, two of the fund's industrial utility holdings, rose once they announced their intention to combine their utility businesses.

Of course, not all of our holdings showed positive results. Companies such as Credit Saison, one of the largest issuers of credit cards in Japan, and Royal & Sun Alliance Insurance, a large multinational insurance group based in the U.K., held back performance due to pressures within their respective industries.

We are encouraged by the values that we have found in the international stock market. We believe that the prevailing market environment has been an opportune time for investing in international value stocks.

September 14, 1999

1 *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption fund shares may be worth more or less than their original cost.*

2 *SOURCE: LIPPER ANALYTICAL SERVICES, INC. — The Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE®) Index is a widely accepted, unmanaged index of foreign stock market performance, and includes net dividends reinvested.*